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DE RUEHAH #0859/01 1900414
ZNR UUUUU ZZH
P 090414Z JUL 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3111
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5410
RUEHBJ/AMEMBASSY BEIJING 3138
RUEHKO/AMEMBASSY TOKYO 3003
RUEHIT/AMCONSUL ISTANBUL 3654
RUCNDT/USMISSION USUN NEW YORK 1045
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3700
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS ASHGABAT 000859

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB

E.O. 12958: N/A

TAGS: [ETRD](#) [PREL](#) [PGOV](#) [EINV](#) [GM](#) [TX](#)

SUBJECT: GERMAN BUSINESS IN TURKMENISTAN

REF: ASHGABAT 515

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: To date, German companies have been more successful than any other Western companies in doing business in Turkmenistan. Although there are no available official statistics regarding the number of German companies working in the country, there are reportedly about 14 German companies selling their products and services here. It is not, however, the number of companies that makes the Germans look more successful than their other Western counterparts. Rather, it is the volume and scope of their businesses and the ties that German companies have managed to build with the Turkmen Government. The activities of the most noteworthy companies are described below. END SUMMARY.

¶3. (SBU) Deutsche Bank AG was the first major German company to enter the Turkmen market and has been operating here since ¶1994. Although the bank is not active in the consumer or business lending markets, it reportedly holds the account of the Central Bank of Turkmenistan and, therefore, is a key international partner of the Government of Turkmenistan in the banking sector and is involved in all of the Government of Turkmenistan's international transactions.

¶4. (SBU) The late President Niyazov's love for the Mercedes brand paved the way for Daimler AG to enter the Turkmen market in the early 1990s and to become the exclusive supplier of premium-class official cars for high-ranking Turkmen government officials. Daimler has sold over 1,100 Mercedes brand vehicles and over 500 vehicles of other brands to government agencies in Turkmenistan since 1995, which is considered high volume for new car sales in the Turkmen market.

¶5. (SBU) Siemens AG enjoys the privilege of being the Turkmen Government's preferred German company. Siemens entered the Turkmen market in the mid 1990s, supplying telecommunications equipment to Turkmenistan in small volumes. In 1998, Siemens

made a breakthrough, building a \$22 million cardiology center in Ashgabat. The Center was constructed after the late President Niyazov developed heart problems and underwent major cardiac surgery at a German clinic in 1997. Niyazov's cardiac surgery in Germany reportedly played a key role in his decision to select Siemens to construct the cardiology center, of which he was the principal patient. Since that time, Siemens has been the nearly exclusive supplier of medical equipment to Turkmenistan and has equipped almost all new medical centers in the country. The company has also expanded its activities in the telecommunications sector, supplying digital telephone exchanges and other equipment to the Turkmen Ministry of Communications. The company has also reportedly been a major supplier of surveillance equipment for Turkmen secret services. Under Niyazov, Siemens entered the Turkmen energy market and supplied electronic equipment for a power station in the City of Turkmenbashi. Under Berdimuhamedov, Siemens has managed to maintain its position in the country. The company is still the leading supplier of medical equipment, controls a significant part of the telecommunications market, and supplies electronic equipment for the country's energy sector. Siemens reportedly managed to build good relations with Berdimuhamedov when he served as Minister of Healthcare. Siemens actively cultivates its relationship with the Turkmen leadership as a means of maintaining its current market positions and expanding its activities in the Turkmen energy and industrial sectors in the future.

¶6. (SBU) Wintershall AG, jointly with Maersk(Netherlands) and ONGS Mittal Company (India), holds a license to explore and develop oil and gas deposits located in offshore Blocks 11 and 12, totaling 5,600 square kilometers in Turkmenistan's part of the Caspian Sea. Initially, the Turkmen Government issued the license to Maersk, but Wintershall entered the project acquiring 20% of project shares in 2006. In 2007, Wintershall increased its participation in the project to 34% and became the operator of the concession. The company is currently carrying out exploratory drilling in the area.

¶7. (SBU) RWE AG is about to start large-scale business activity in Turkmenistan and has the potential to become an important player in the local energy sector. On April 16, RWE AG and the Turkmen Government signed a Memorandum on Long-term Cooperation (reftel). Among other things, the Memorandum stipulates that the two sides will negotiate a production sharing agreement (PSA), which will make it possible for RWE to explore and develop Block 23 located in Turkmenistan's part of the Caspian Sea. According to the Memorandum, the Government and RWE will also negotiate a long-term contract for the sale and purchase of Turkmen gas. According to a German Embassy representative, the company is now in the process of registering its branch and opening an office in Turkmenistan.

¶8. (SBU) A small German limited partnership, East West Connect, recently appeared in Turkmenistan and is worth mentioning because of the company's connections. The founder and owner of the company is Rudi Lamprecht, who also serves as Executive Advisor to the CEO of Siemens and as Vice Chairman of the Board of Nokia Siemens Networks. He reportedly played a key role in bringing RWE AG to Turkmenistan and recently had a pair of meetings with President Berdimuhamedov at which he discussed possibilities for bringing more German companies to Turkmenistan. The company has ambitious plans to serve as a bridge for German companies to enter the Turkmen market, having apparently been established specifically for that purpose. The fact that Lamprecht is a frequent visitor in President Berdimuhamedov's office suggests that he has good contacts at the highest levels of the Turkmen Government.

¶9. (SBU) COMMENT: There are a number of factors that contribute to the success of German companies in Turkmenistan. The most important factor is that they have managed to build good relations with the highest-ranking government officials. Another factor is that German businesses receive strong backing from the German Government. Chancellor Angela Merkel

is the only G7 leader to have met with President Berdimuhamedov. A German Embassy local employee suggested in a meeting with Embassy staff that German companies have won the Turkmen Government's favor because they are discrete about their dealings with the Turkmen Government.
END COMMENT.

MILES